
From: Kent Moon [mailto:kmoon@mblllc.com]
Sent: Monday, August 25, 2008 5:40 PM
To: _Regulatory Comments
Cc: Guy Messick
Subject: Comments On Advanced Notice of Proposed Rulemaking for Part 723

I am the President of Member Business Lending, LLC, a credit union service organization specializing in member business loans. I have 35 years experience in commercial lending and would make the following recommendations to part 723 of the NCUA regulations:

1. In 2004 the NCUA clarified that it would conform to the regulations of the U. S Small Business Administration on section 7a loans. It did not clarify that the NCUA would extend the same compliance conformity on the SBA 504 program. Since both programs are regulatory overviewed by the U.S Small Business Administration, the same regulatory conformity should apply to the SBA 504 program as NCUA has extended on the SBA 7a program.
2. Loan maturities of SBA loans and NCUA loans should be consistent. If SBA allows 25 year maturities on commercial real estate loans then NCUA should also.
3. Secondary Market development on commercial loans allows for borrower prepayment penalties for forward advance of premium income to selling lenders. Failure to allow borrower prepayment penalties prevents credit unions from entering the secondary market on SBA 504 programs and puts them at a competitive disadvantage in the market place. Hence without a prepayment penalty option, many credit unions cannot (especially with their cap restrictions) adequately serve their members borrowing needs. Prepayment penalties are a significant requirement of virtually all secondary commercial lending markets. It is the "real" world of the commercial real estate securitization market and must be allowed by the NCUA.
4. Credit Union Service Organizations are significant financial commitments of parent credit unions. NCUA must therefore audit all CUSO's as part of the NCUA due diligence of safety and soundness for each major holder of credit union service organizations on a regularly scheduled basis.

I would like to give further insight on these issues with the NCUA and would welcome the opportunity to comment further.

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